



TAX
IN MOTION





Tax trends and issues affecting individuals and business owners

Nov. 2, 2023

With you today



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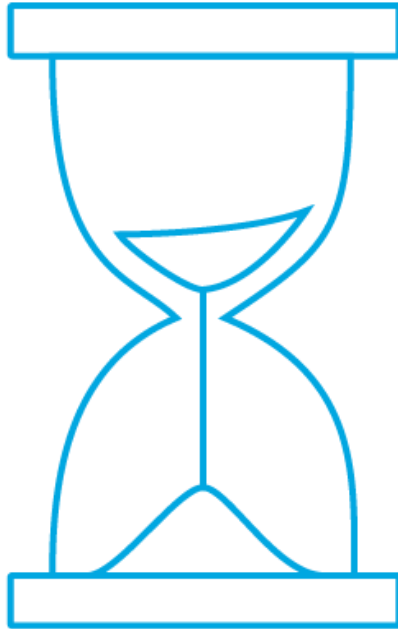
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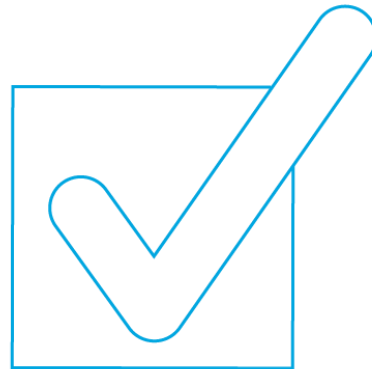


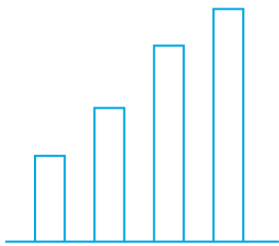
- Application of economic environment
- Estate, trust, and gift
- Individual income tax
- Business planning

Learning objectives

By the end of this presentation, participants will be able to:

1. Identify economic trends and governmental priorities
2. Detail opportunities for estate planning
3. Describe impacts to individual income tax
4. Recognize potential business planning opportunities





Rising interest rates:
More on the horizon?

Recent historically
high inflation coming
under control

Economy has been
resilient over the past
couple of years

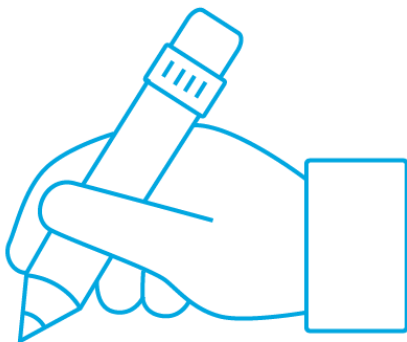
- Relative economic
optimism for the near future

Substantial increase in
IRS funding

- IRS expanding audits of
wealthy taxpayers and
partnerships

Our experience with the business interest limitation, research and engineering capitalization, and bonus depreciation

- Broad bipartisan support for reversion of these rules
- Other priorities have slowed the process
 - Government funding
 - Response to global conflicts
 - End of year spending bill
 - Child tax credit
 - State and local tax (SALT) cap
- Why is this important?

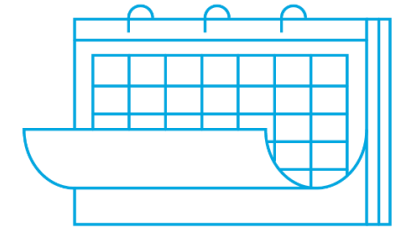
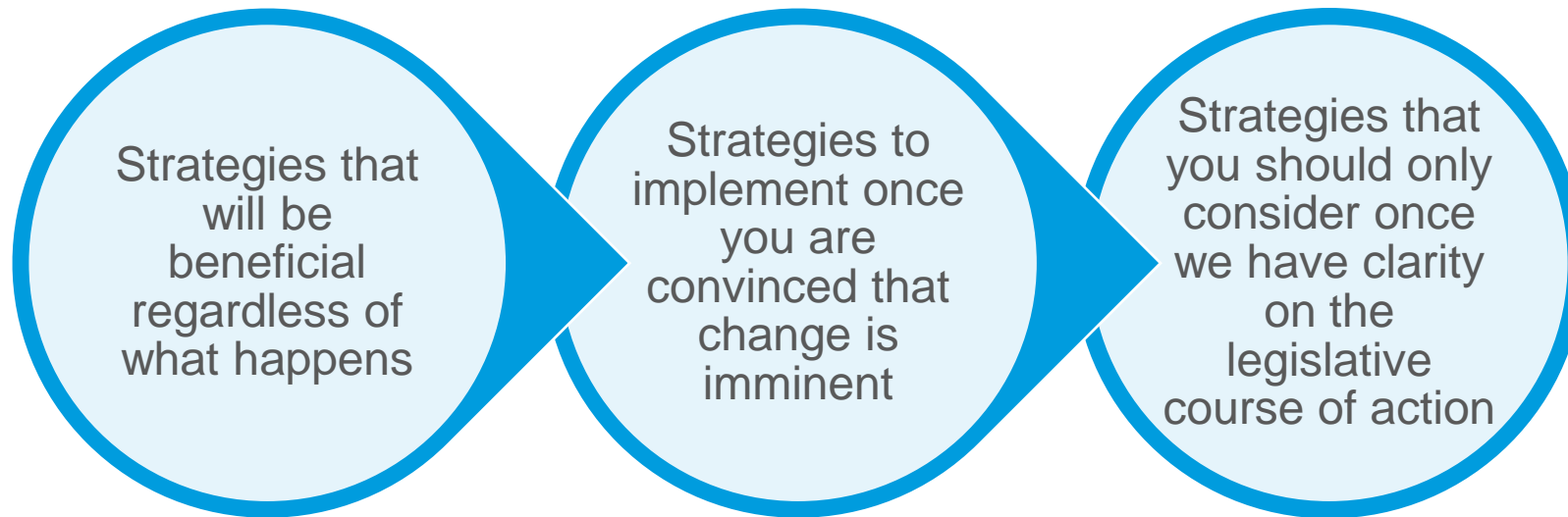


Changes coming due to sunset of parts of 2017 Tax Cuts and Jobs Act:

- Return of 39.6% individual, estate, and trust top income tax bracket
- Expiration of qualified business income deduction
- No cap on (SALT) deduction
- Standard deduction cut in half
- Return of miscellaneous itemized deductions
- Return of the Pease limitation on itemized deductions
- Estate, gift and GST tax exemptions cut in half

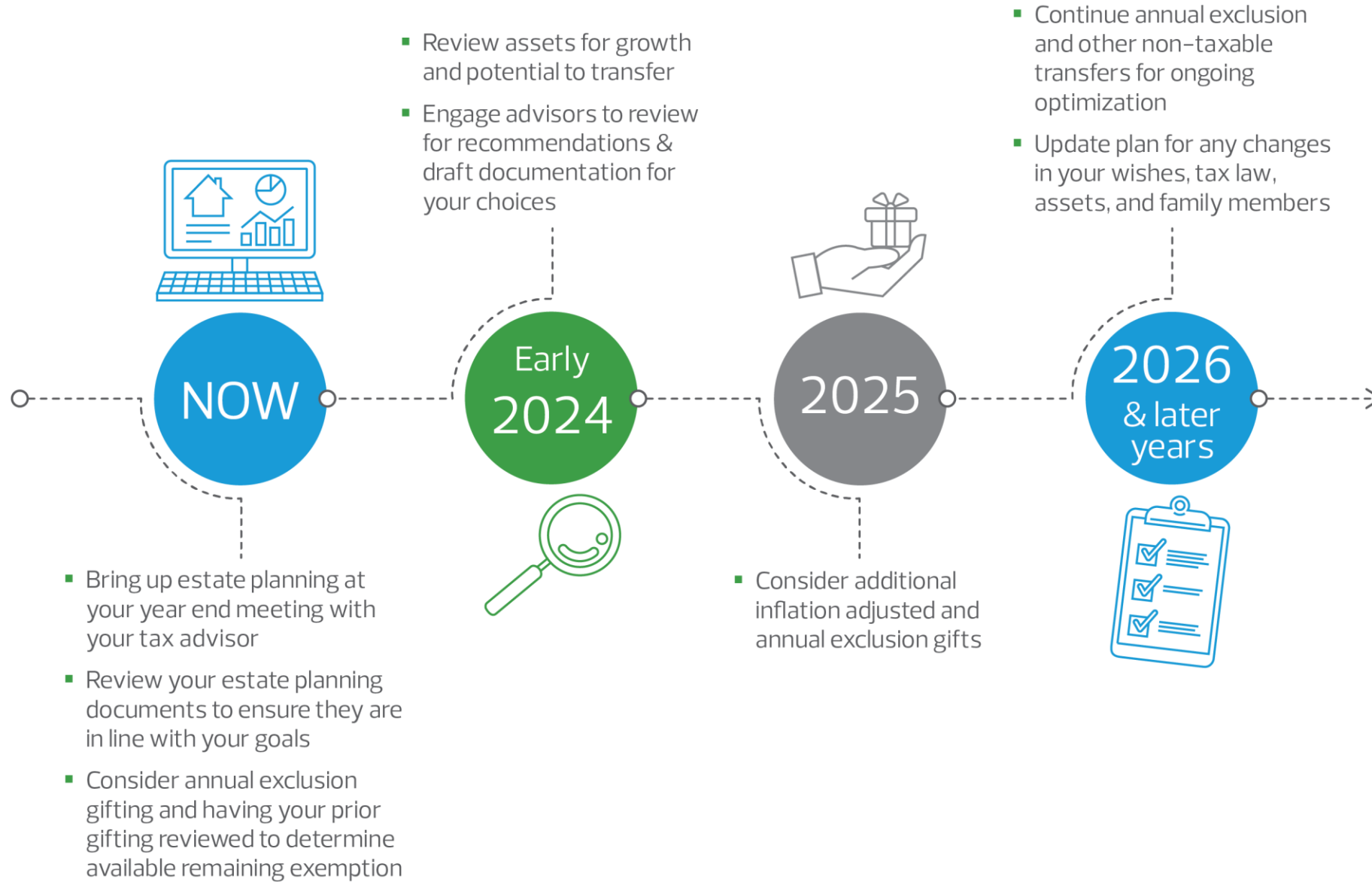
What does this mean for planning today and planning for potential changes in 2026?

- Planning amid uncertainty
- List and prioritize strategies:



- Doubled unified estate, gift, and GST tax exemption through 2025
 - \$12.92M 2023 and \$13.61M projected for 2024 (indexed for inflation)
 - Assets with significant anticipated appreciation
 - Planning should start now for highest tax efficiency and grantor goals
 - Complex planning that needs to occur in multiple steps to be upheld by the IRS
 - Professional availability: tax, business, life insurance, legal, valuation, investment
 - Will the next generation have estate tax implications to incorporate?
 - GST exemption multigenerational benefits
 - Protects allocated assets from additional layers of 40% tax for future generations
 - Non-taxable transfers, for example, annual exclusion gifts and sales
 - Asset basis for step up potential if held by the decedent at death
 - Consider asset location for estate and income tax purposes

Effective estate, gift, and trust planning timeline



Individual income tax: 2026 sunsetting

Income tax considerations for estate planning

- Basis: growth, annual income, your health
- Business assets: tax structure, beneficiaries of pass-through income, ensuring maintenance of S corporation election, illiquidity
- Retirement accounts: traditional IRAs do not receive a basis step-up and are usually great assets to help fulfill charitable intent

Removal of the deduction limitation for state and local taxes paid

Percent of deductible adjusted gross income for contributions to public charities will decrease from 60% to 50%

Top income tax rate goes to 39.6%, up from 37%

- May want to consider a Roth conversion
- Timing of charitable contributions



- May reduce income and estate tax
- IRA qualified charitable rollovers
- Gifting unique assets used for the organization's mission
- Long-term gain assets
- Business interests
- Gifting substantiation
 - Valuation and form 8283 signed by appraiser
 - Digital asset valuations required
 - Contemporaneous written acknowledgement



- Entity-level planning
 - Prepaids and accruals
 - PTE
 - Fixed asset acquisitions
- Interest tracing
- Business loss planning
- Debt agreements
- Capital loss harvesting

Looking forward to 2026 – business planning

Evaluation of business sales

- Higher recapture rates
- Purchased intangible heavy and/or fixed asset heavy businesses



Form of business

- Passthrough
- C-Corporation



What deductions could be more valuable in 2026. Are they worth it?

Trends in today's environment

- Increasing globalization of wealth
 - Global investment – direct and within portfolio holdings
 - Foreign real estate investment
- State tax planning
 - Migration to lower tax states
 - Trust domicile planning
- Domestic planning
 - Prenuptial, postnuptial, cohabitation agreement
- Supreme Court activity
 - Wealth tax, taxes on unearned income
- Family office strategies



THANK YOU FOR
YOUR TIME AND
ATTENTION

With you today



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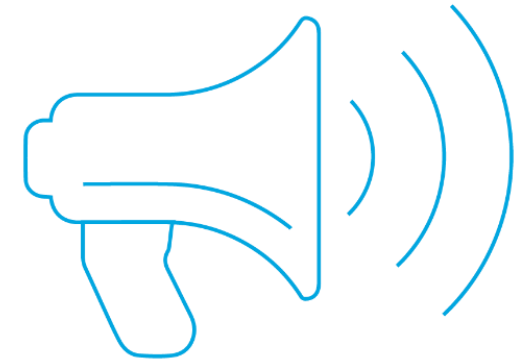
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See you soon!

Coming up later today:

- **1 p.m.**
Optimizing federal tax positions at year-end
- **3 p.m.**
State, local and international tax year-end planning

Click on the 'Register now' button on the right of the screen



On the horizon:

- **Nov. 14, 2023**
Family office webcast: [Streamline processes to facilitate sustainable growth](#)



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